

**UNITED STATES DISTRICT COURT**  
**SOUTHERN DISTRICT OF CALIFORNIA**

DEEP SKY SOFTWARE, INC.,

Plaintiff,

vs.

SOUTHWEST AIRLINES CO.,

Defendant.

CASE NO. 10-cv-1234-CAB (KSC)

ORDER GRANTING DEFENDANT'S  
 APPLICATION FOR FEES AND  
 COSTS

[Doc. No. 49]

This matter comes before the court on defendant Southwest Airlines Co.'s application for attorney fees and costs. [Doc. No. 50.] Plaintiff Deep Sky Software, Inc. responded in opposition, and defendant replied. [Doc. Nos. 55, 56.] For the following reasons, defendant's application is **GRANTED**.

**BACKGROUND**

On June 9, 2010, plaintiff filed its complaint here against defendant for infringement of U.S. Patent No. 6,738,770 (the "'770 Patent"). [Doc. No.1.] In April 2011, defendant filed a request for *inter partes* reexamination of the '770 Patent in the United States Patent & Trademark Office ("PTO"). The parties then jointly moved to stay this case, stating that a stay "has the potential to greatly reduce issues central to the litigation" and could prevent the court "from having to expend any judicial resources on this case." [Doc. No. 26.] The court granted the parties' joint motion and stayed the case. [Doc. No. 28.]

1 On January 9, 2015, the parties notified the court that reexamination had  
 2 concluded and that all asserted claims of the '770 Patent had been found invalid. The  
 3 court thus lifted the stay, and defendant filed a motion to find this an "exceptional  
 4 case," such that defendant would be entitled to attorney fees. 35 U.S.C. § 285. The  
 5 court granted defendant's motion, and defendant then filed its pending application for  
 6 fees.

## 7 DISCUSSION

8 In *Henlsey v. Eckerhart*, 461 U.S. 424 (1983), the Supreme Court provided the  
 9 following guidance as to determination of a reasonable fee award:

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 11 The most useful starting point for determining the amount of a  
 12 reasonable fee is the number of hours reasonably expended on the  
 13 litigation multiplied by a reasonable hourly rate. This calculation provides  
 14 an objective basis on which to make an initial estimate of the value of a  
 15 lawyer's services. The party seeking an award of fees should submit  
 evidence supporting the hours worked and rates claimed. Where the  
 documentation of hours is inadequate, the district court may reduce the  
 award accordingly.

16 The district court also should exclude from this initial fee  
 17 calculation hours that were not "reasonably expended." S. Rep. No.  
 94-1011, p. 6 (1976). Cases may be overstaffed, and the skill and  
 18 experience of lawyers vary widely. Counsel for the prevailing party  
 19 should make a good faith effort to exclude from a fee request hours that  
 are excessive, redundant, or otherwise unnecessary, just as a lawyer in  
 private practice ethically is obligated to exclude such hours from his fee  
 submission.

20 *Id.* at 433-34.

21 Here, defendant requests fees of \$359,733.17, non-taxable costs of \$23,082.48,  
 22 and taxable costs of \$4,367.26, totaling \$387,182.91. [Doc. No. 50.] In support of  
 23 defendant's application, counsel attaches the invoices that defendant received and paid  
 24 for services rendered between June 2010 and April 2015. [Doc. No. 53-1 at 10-138.]  
 25 Defendant has paid all of the fees sought except for \$10,323, which counsel had not yet  
 26 billed when the fees application was filed. [Doc. No. 53-1 ¶ 16.]

27 Four attorneys billed to the case: Max Ciccarelli and Michael Heinlein, partners  
 28 with about twenty year's and fourteen years' experience, respectively, and Justin Cohen

1 and Vishal Patel, associates with about 8 years' experience each. They bill at the  
2 following rates (depending on the invoice year):

Attorney	Hourly Rate
Max Ciccarelli	\$505 – \$625.50
Michael Heinlen	\$405 – \$535.50
Justin Cohen	\$345 – \$481.50
Visha Patel	\$270 – \$315

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8 Plaintiff does *not* challenge these rates, and the court finds them reasonable.  
9 Instead, plaintiff contends defendant must deduct half of the expenses billed to  
10 defendant's fees motions and *all* expenses incurred during reexamination, reducing the  
11 final award to \$205,784.38.

12 A. Reasonableness of "Fees on Fees"

13 Plaintiff does not deny that the prevailing party in an exceptional patent case may  
14 recover reasonable fees incurred to obtain fees. *See, e.g., Mathis v. Spears*, 857 F.2d  
15 749, 756 (Fed. Cir. 1988). Instead, without any targeted argument, plaintiff complains  
16 that the amount defendant requests "seems tremendously excessive . . . ." [Doc. No. 55  
17 at 5.]

18 Defendant seeks about \$65,000 for expenses incurred related to its exceptional-  
19 case motion and its application for fees. [Doc. No. 53-1 at 4, ¶ 8 and at 125–138.]  
20 Given the complexity of the exceptional-case motion, which required summarization  
21 and analysis of the reexamination proceedings, as well as the volume of invoices  
22 reviewed for the fees application, the court finds that both the hours expended on  
23 defendant's fees motions and the resulting amount sought are reasonable.

24 B. Fees for *Inter Partes* Reexamination

25 The issue of whether a prevailing party in an exceptional case may recover fees  
26 for proceedings before the PTO, when the case was stayed due to the PTO proceedings,  
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1 has received little attention. Several courts have awarded fees for PTO proceedings,<sup>1</sup>  
 2 others have not.<sup>2</sup>

3 The Federal Circuit “interpret[s] attorney fees to include those sums that the  
 4 prevailing party incurs in the preparation for and performance of legal services *related*  
 5 *to the suit.*” *Cent. Soya Co. v. Geo. A. Hormel & Co.*, 723 F.2d 1573, 1578 (Fed. Cir.  
 6 1983) (emphasis added). Here, the legal services counsel performed for defendant  
 7 during reexamination of the ’770 Patent were related to this suit. Reexamination was  
 8 initiated during and in reaction to plaintiff’s action here. Further, the PTO’s  
 9 cancellation of the asserted ’770 Patent claims on grounds of invalidity disposed of  
 10 plaintiff’s complaint here and made defendant the prevailing party. Thus, just as the  
 11 parties envisioned when they jointly moved to stay this case, the reexamination  
 12 proceedings essentially substituted for work that would otherwise have been done  
 13 before this court. *See PPG Indus., Inc.*, 840 F.2d at 1569 (the prevailing party was  
 14 “entitled to reasonable attorney fees based upon the premise that the reissue proceedings  
 15 substituted for the district court litigation on all issues considered by the PTO and the  
 16 Board.”). Thus, under the unique circumstances of this case, defendant may recover  
 17 fees for the reexamination proceedings.

18 Plaintiff also complains that defendant wrongly seeks fees for reexamination of  
 19 U.S. Patent No. 7,370,047 (“the ’047 Patent”), which is purportedly related to the ’770  
 20 Patent but was never asserted in this action. Defendant, in its application, states that it  
 21 “is not requesting fees and costs associated with the reexamination of the ’047 Patent,”  
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23 <sup>1</sup> *See IA Labs CA, LLC v. Nintendo Co.*, No. CIV. PJM 10-833, 2012 WL 1565296, at \*4 (D.  
 24 Md. May 1, 2012) *aff’d*, 515 F. App’x 892 (Fed. Cir. 2013) (awarding fees for work done during  
 25 reexamination proceedings); *Howes v. Med. Components, Inc.*, 761 F. Supp. 1193, 1198 (E.D. Pa.  
 26 1990) (reexamination proceedings); *Scott Paper Co. v. Moore Bus. Forms, Inc.*, 604 F. Supp. 835,  
 27 838 (D. Del. 1984) (awarding fees for reissue proceedings); *PPG Indus., Inc. v. Celanese Polymer*  
*Specialties Co.*, 840 F.2d 1565, 1568 (Fed. Cir. 1988) (reissue proceedings); *Hickory Farms, Inc. v.*  
*Snackmasters, Inc.*, No. 05 C 4541, 2008 WL 4542961, at \*1 (N.D. Ill. Apr. 2, 2008) (awarding fees  
 incurred in opposing an attempt to renew a lapsed trademark registration).

28 <sup>2</sup> *See, e.g., Intellect Wireless, Inc. v. HTC Corp.*, No. 09 C 2945, 2015 WL 136142, at \*9  
 (N.D. Ill. Jan. 8, 2015) (“To the extent the present fee petition contains time for work before the  
 USPTO, such time should not be included in the fee award.”)


1 and defendant attaches a chart detailing the time it deducted related to the reexamination  
2 of the '047 Patent. [Doc. No. 50 at 4; Doc. No. 53-1 at 139.] Plaintiff complains that  
3 "there are numerous time entries that include work related solely to the '047 Patent[]  
4 and for work related to both the '047 Patent and the '770 Patent-in-Suit," [Doc. No. 55  
5 at 5], but plaintiff does not reference or challenge a specific entry. Without direction  
6 from plaintiff, the court does not find any time entries that must be excluded because  
7 they are not related to this litigation.

#### 8 CONCLUSION

9 Plaintiff's case is dismissed with prejudice, and defendant, as the prevailing  
10 party, is awarded \$387,182.91 in attorney fees, taxable costs, and non-taxable costs.  
11 The Clerk of Court shall close this case.

12 **IT IS SO ORDERED.**

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14 DATED: August 19, 2015

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17 **CATHY ANN BENCIVENGO**  
18 United States District Judge  
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